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2000-154

MONTH TO MONTH LEASE OF YARD AREA

BETWEEN

THE PORT OF PORTLAND

AND

EBONY IRON WORKS INC.

Dated as of: October 11, 2000



POPT1N100347

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This **MONTH TO MONTH LEASE OF YARD AREA** (the "Lease"), effective November 1, 2000 (Effective Date"), is between **THE PORT OF PORTLAND**, a port district of the State of Oregon (the "Port") and **EBONY IRON WORKS INC.**, an Oregon corporation ("Lessee").

RECITALS

A. The Port is the owner of certain real property commonly known as Terminal 1 North ("T-1 North"), located at 2500 NW Front Avenue in the City of Portland, Multnomah County, Oregon.

B. Lessee desires to lease approximately TEN THOUSAND (10,000) square feet of yard space at Terminal 1 North on the terms and conditions set out in this Lease.

Therefore, the parties, intending to be legally bound by the terms of this Lease, and for good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, agree as follows:

1. AGREEMENT TO LEASE

1.1 Agreement to Lease and Description of Premises

The Port hereby leases to Lessee, and Lessee leases from the Port, a portion of that certain paved yard space at T-1 North located in the northeast corner of T-1 North and south of a building known as Warehouse 101 at T-1 North, consisting of approximately TEN THOUSAND (10,000) square feet, as further shown on **Exhibit A** attached hereto (the "Premises"). If Lessee desires to occupy yard area over and above 10,000 square feet, Lessee must obtain prior written approval of the Port and shall in any event pay additional Rent as stated in Section 3.1. The amount of additional yard space occupied by Lessee at any time during this Lease shall be determined by the Port.

1.2 Premises Partitioning

The Premises is only a portion of the yard area located at T-1 North. The area leased to Lessee is not physically partitioned off from the rest of the yard, and the Port provides no security services for T-1 North.

1.3 Use of Premises

1.3.1 Permitted Uses

Lessee may use the Premises only: to store steel beams no longer than 50 feet long and stacked no higher than four (4) feet on wood supports. The steel will be brought to the Premises by truck and moved by forklifts. **No other use of the Premises shall be permitted.** As used in this Lease, the term "Permitted Uses" shall mean the uses expressly allowed by this Section 1.3.1 and not prohibited or limited by any provisions of this Lease, including without limitation Sections 1.3.2 and 1.3.3.

1.3.2 Prohibited Activities

No trucks, trailers or other vehicles used to transport liquid or any Hazardous Substance, as that term is defined in Section 6.1.1, may be parked at the Premises, at any time, regardless of whether such vehicle is empty. No manufacturing processes, including but not

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limited to welding, brazing, painting of any kind, shall be allowed on the Premises. No Hazardous Substances may be brought onto, used, handled, treated, recycled, disposed of, transferred, transported, deposited, placed, or stored on the Premises, except as specifically provided in Section 6.3. No washing, fueling, repair, maintenance, or modifications of vehicles or other equipment, or other activities other than the Permitted Uses are permitted on the Premises. Lessee shall not operate any underground, above-ground, or mobile storage tank on the Premises.

1.3.3 Access and Limitations on Use

Lessee shall not use the Premises in any way which causes the uniform live load to exceed One Thousand (1,000) pounds per square foot. The weight limit in areas of T-1 North which are over the dock is only Six Hundred (600) pounds per square foot. There is no warranty in weight load conditions. If damage occurs as determined by the Port in its sole discretion, the Port, at its election and in addition to all of its other remedies under this Lease, may require Lessee to reduce load or relocate if space is available or the Port may elect to terminate this Lease. Lessee is not permitted to drive its vehicles over dock areas, which are approximately shown on **Exhibit A**. Lessee shall not, without the prior written consent of the Port, use any vehicles or equipment, which would violate any local noise ordinance or cause substantial vibrations, fumes, or electronic interferences on the Premises. Lessee shall not permit anyone else to use the Premises nor shall Lessee permit anything to be done on the Premises which: (i) adversely affects or is likely to adversely affect the Premises; (ii) creates any condition that may be a safety hazard; (iii) creates or tends to create a hazard or a nuisance; or (iv) unreasonably inconveniences other tenants or occupants of T-1 North. No other use may be made of the Premises without the prior written approval of the Port, which approval shall be in the sole discretion of the Port.

1.4 Marine Containers

No unloading or loading of marine containers, whether containing domestic or international freight, may take place on the Premises. Failure to comply with this provision may result in immediate termination of this Lease. No use of dock facility whatsoever for any loading or unloading of product.

1.5 Entrance Gate

Lessee shall use, and cause its agents, employees, representatives, invitees, and all vehicle traffic associated with Lessee's operations to use, Gate 21 as shown on **Exhibit A** as the primary ingress and egress route for access to and from the Premises. Lessee's use of Gate 21 shall not be exclusive to Lessee, but shall be shared with other Port tenants of T-1 North. Lessee shall cooperate with other tenants of T-1 North in keeping Gate 21 closed and locked after 6 PM weekdays and at all times on weekends. During business hours (7 AM to 5 PM, Monday through Friday, unless Lessee is otherwise notified by the Port), Gate 21 may be left open. The Port shall have no liability to Lessee for any loss resulting from the failure of the Port, other tenants, or other parties to close gates to T-1 North.

1.6 Common Areas

Lessee shall have a nonexclusive right to use Common Areas in T-1 North in common with the Port and with others to whom the Port has granted or may grant such right. The term

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"Common Areas" shall mean existing access ways that the Port now or hereafter designates as Common Areas.

1.6.1 Port Work in the Common Area

Should the Port, of its own accord, undertake any repair, maintenance or improvement work in or on the Common Areas, the Port shall have no liability for interference with Lessee's use of the Common Areas which might result from the Port's repair and maintenance efforts and no such efforts shall be construed as a constructive eviction or other eviction of Lessee. Rent shall not be reduced during any such repair period. Any repair of damage caused by negligence or breach of this Lease by Lessee, Lessee's employees, agents, contractors, or invitees, shall be Lessee's responsibility and shall be made at Lessee's sole expense.

1.6.2 Port Authority over Common Areas

In addition to any other rights granted by law or by this Lease, the Port reserves the following specific rights with respect to the Common Areas: (i) to adjust the boundaries of, expand or delete Common Areas; (ii) to permit the use of the Common Areas by others in such manner as the Port may from time to time determine; (iii) to close all or any portion of the Common Areas; (iv) to construct additional buildings or other improvements in the Common Areas; and (v) to evict anyone from the Common Areas who fails to comply with any applicable laws, including applicable Port Ordinances and/or Port Rules.

1.7 Port Right to Lease to Others

The Port reserves the right to lease space other than the Premises within T-1 North to other tenants, and to provide those other tenants access to Common Areas within T-1 North. The Port has no obligation either to partition off the separate spaces of tenants, or to take any security measures.

1.8 Compliance With All Laws

Lessee's activities on, or use or possession of, the Premises must comply with all applicable laws, ordinances, codes, rules and regulations of state, federal, city, county, the Port or other public government authority or agency. Lessee shall promptly provide the Port with copies of all communications from any government entity, which relate to Lessee's noncompliance or alleged noncompliance with any law, ordinance, code, rule, regulation or other governmental requirement relating to its operations on the Premises.

1.9 Conduct of Business

At all times during this Lease, Lessee shall be registered, and in good standing, to do business in Oregon.

2. TERM

The term of this Lease (the "Lease Term") shall commence on November 1, 2000 (the "Commencement Date"), and shall continue month-to-month until terminated by either party upon the giving of thirty (30) days' written notice, unless otherwise terminated pursuant to the terms of this Lease.

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3. RENT

3.1 Basic Rent, Rent, and Additional Rent

Lessee shall pay to the Port monthly "Basic Rent" in the sum of EIGHT HUNDRED DOLLARS (\$800.00). If Lessee is permitted by the Port to occupy yard area over and above 10,000 square feet, Lessee shall pay additional rent at a rate of \$0.08 per square foot per month. In no case shall Basic Rent be less than \$800.00. per month. All other sums due and payable by Lessee to the Port under this Lease, including without limitation utilities, taxes and insurance, shall be considered "Additional Rent." As used in this Lease, "Rent" shall mean Basic Rent and Additional Rent. Any tax or insurance increases after the effective date of the Lease shall be passed to Lessee as an increase in Rent, with thirty days written notice.

3.2 Utilities

If Lessee desires any utilities be made available to the Premises, Lessee shall be responsible for all costs of installation, metering and operation thereof. No utility services are provided to the Premises.

3.3 Taxes

Property taxes shall be included in Rent with annual adjustments if necessary.

3.4 Security Deposit

Lessee shall deposit with the Port, and continuously maintain, upon execution of this Lease, a security deposit in the amount of TWO THOUSAND FOUR HUNDRED DOLLARS (\$2,400.00) ("Deposit"). The Deposit shall not earn interest for Lessee and may be commingled with other funds of the Port. The Deposit shall secure Lessee's full and faithful performance and observance of all of Lessee's obligations under this Lease. The Deposit shall not be considered to be held in trust by the Port for the benefit of Lessee and shall not be considered an advance payment of Rent or a measure of the Port's damages in the case of an Event of Default, as defined in Section 10.1, by Lessee. The Port may, but shall not be obligated to, draw upon and apply the Deposit to: (i) pay any Basic Rent or other Rent not paid on or before the date it is due and the Port shall not be required to give notice or opportunity to cure before drawing on the Deposit; and/or (ii) remedy any violation of this Lease, after Lessee has received notice and opportunity to cure, if such notice and opportunity to cure is required under this Lease. If the Port applies any of the Deposit to any of the above, Lessee shall, immediately upon demand, replenish the Deposit to its full amount. If Lessee fully performs all of its obligations under this Lease, the Deposit, or any balance remaining, will be released within thirty (30) days from the date of termination of this Lease and delivery of the Premises to the Port. However, if any question exists concerning Lessee's full compliance with the Lease, or if there is any obligation under this Lease to be performed after the termination date of this Lease, the Port shall be entitled to require that the Deposit remain in place until the Port is fully satisfied that there has been no violation of the Lease and all obligations due under this Lease have been fully performed, even if it takes the Port longer than thirty (30) days to make such a determination to the Port's satisfaction.

3.5 Rent Payments

3.5.1 Due Dates

Commencing on the Commencement Date, Rent shall be due and payable, in advance, on the first day of each and every calendar month, without notice. Rent for any partial month shall be accordingly prorated.

3.5.2 Place for Payments; No Offset

Payment of Rent shall be made without offset, abatement, or deduction to the Port at the following address or such other place as the Port may designate:

The Port of Portland
Unit 27
PO Box 4900
Portland, OR 97208-4900

3.5.3 Delinquency Charge

All Rent, including, but not limited to, any amounts paid by the Port on Lessee's behalf, not paid by Lessee within thirty (30) days of the date due shall bear a "Delinquency Charge" at the rate of eighteen percent (18%) per annum (the "Delinquency Rate") from the date such Rent is past due until it is paid in full. The Delinquency Rate is subject to periodic change by the Port. No change shall occur, however, without at least thirty- (30) days' prior written notice to Lessee. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port for failure to timely pay Rent.

3.6 Acceptance of Rent

The Port's acceptance of a late or partial payment of Rent and/or a Delinquency Charge shall not constitute a waiver of any Event of Default nor shall it prevent the Port from exercising any of its other rights and remedies granted to the Port under this Lease or by law. It is hereby agreed that any endorsements or statements on checks of waiver, compromise, payment in full or any other similar restrictive endorsement shall have no legal effect. Lessee shall remain in violation of this Lease and shall remain obligated to pay all Rent due even if the Port has accepted a partial or late payment of Rent.

4. MAINTENANCE AND MANAGEMENT OF PREMISES

4.1 Construction of Improvements

Lessee shall undertake no construction, alteration, or changes on or to the Premises or any Common Areas.

4.2 Maintenance

All maintenance of the Premises shall be the responsibility of Lessee. The Port will not perform any maintenance and will not make any repairs of the pavement. Lessee shall be responsible for repairing any damage or deterioration in the pavement on any portion of T-1 North caused by Lessee's operations. Lessee shall also be liable for any damage to the Premises or any portion of T-1 North caused by Lessee or Lessee's agents, subtenants, employees, contractors, suppliers, or invitees. Because of a Port labor agreement requirement, Port labor

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may be required to perform maintenance or repairs to the Premises even if the responsibility for completing and paying for such maintenance is the responsibility of Lessee. The Port reserves the right to perform the required maintenance or repair after providing notice to Lessee, and the reasonable cost for such maintenance or repairs shall be billed by the Port to Lessee. However, the Port shall have no obligation to make such repairs. Lessee shall provide proper containers for trash and garbage, if necessary, and make arrangements acceptable to the Port to keep the Premises free and clear of rubbish, debris, and litter at all times.

4.3 No Liens

Lessee agrees to pay, when due, all sums for labor, services, materials, supplies, utilities, furnishings, machinery, or equipment, which have been provided to the Premises. Lessee shall not suffer or permit any liens to attach to the Premises or the interest of Lessee, in all or any part of the Premises or T-1 North, by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to, Lessee, or anyone occupying or holding an interest of Lessee, in all or any part of the Improvements on the Premises, through or under Lessee. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged of record within thirty (30) days after the date of filing of the same, by either payment, deposit or bond. In the event that Lessee fails to remove the lien within thirty (30) days, then, in addition to all other remedies set forth in Section 10.2, the Port shall automatically have the right, but not the obligation, to pay the lien off with no notice to Lessee and Lessee shall immediately reimburse the Port for any sums so paid to remove any such lien upon written notice of such payment.

4.4 Signs

Lessee shall not erect, install, nor permit upon the Premises any sign or other advertising device without first obtaining the Port's written consent, which the Port may withhold in its sole discretion. Lessee shall remove all signs and sign hardware upon termination of this Lease and restore the sign location to its former state, unless the Port elects to retain all or any portion of the signage.

4.5 Fire Safety

Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and, to that end, shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the Premises and restricting the spread of any fire from the Premises.

4.6 Security

Lessee shall be fully responsible for security of the Premises. The Port will not provide security and shall have no liability for any damage, destruction, theft, or vandalism of Lessee's property or vehicles caused by any third party under any circumstance. Lessee acknowledges that other parties lease or use space in T-1 North and share use of the Common Areas and common entrance gate. Lessee shall cooperate with these tenants in the use of the Common Areas and operation of the entrance gate. The Port shall not be responsible for the actions of any of these other tenants or parties, including but not limited to any damage or theft of Lessee's property or vehicles stored on the Premises.

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5. PORT AUTHORITY AND OBLIGATIONS

5.1 Delivery of Premises

Lessee shall have the right to possession of the Premises on the Commencement Date. The Port shall have no liability to Lessee for any delay in delivering possession.

5.2 Condition of Premises

The Port makes no warranties or representations regarding the condition of the Premises, including, without limitation, the environmental condition of the Premises or the suitability of the Premises for Lessee's intended uses. Lessee has inspected and accepts the Premises in "AS IS" condition upon taking possession, and assumes all risks of the condition of the Premises, known and unknown. The Port shall have no liability to Lessee, and Lessee shall have no claim against the Port, for any damage or injury caused by the condition of the Premises. The Port shall have no responsibility to bring the Premises into compliance with any laws. Without limiting the generality of the foregoing and without creating any representations or warranties concerning the Premises, the Port hereby notifies Lessee that the Premises may be beneath the flood plain, may be located upon an earthquake fault, may consist, in whole or in part, of land created from river dredge materials (which may or may not have sufficiently settled), and Lessee accepts all risk and loss associated with such conditions, except that Lessee's maintenance responsibilities shall not include correcting inherent defects in the Premises.

5.3 Inspection

A joint inspection of the Premises by the Port and Lessee shall be performed at the beginning and at the expiration of the Lease Term to assess the condition of the Premises, including the environmental condition. The results of the inspection shall be provided to Lessee upon completion of the written report of the inspection by the Port.

5.4 Port Access to Premises

The Port shall have the right to enter upon the Premises for the purposes of: (i) confirming the performance by Lessee of all of Lessee's obligations under this Lease; (ii) doing any other act which the Port may be obligated or have the right to perform under this Lease; and (iii) for any other lawful purpose, including, but not limited to, showing the Premises to prospective Port tenants. Such entry shall be made with reasonable advance notice and during normal business hours, where practical, except in cases of emergency or a suspected violation of this Lease or the law. Lessee waives any claim against the Port for damages for any injury or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by such entry, except to the extent caused by the gross negligence or willful misconduct of the Port.

6. ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

6.1 Definitions

For the purposes of this Lease, the following definitions shall apply:

6.1.1 Hazardous Substance

"Hazardous Substance" includes any and all substances defined or designated as hazardous, toxic, radioactive, dangerous or regulated wastes or materials or any other similar

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term in or under any applicable laws and regulations. Hazardous Substance shall also include, but not be limited to, fuels, petroleum and petroleum-derived products.

6.1.2 Environmental Cost

"Environmental Cost" includes, but is not limited to, costs and damages arising from or relating to: (i) any actual or claimed violation of or noncompliance with applicable laws and regulations; (ii) claims for damages, response costs, fines, fees or other relief relating to matters addressed in any applicable laws or regulations; (iii) injunctive relief relating to matters addressed in any applicable laws or regulations; (iv) Hazardous Substance Releases; and (v) violations of any environmental provisions of this Lease. Costs and damages as used in this Section shall include, but not be limited to: (a) costs of evaluation, testing, analysis, cleanup, remediation, removal, disposal, monitoring and maintenance; (b) fees of attorneys, engineers, consultants, and experts, whether or not taxable as costs, incurred at, before or after trial, appeal or administrative proceedings; (c) lost revenue; and (d) diminution of value, loss, or restriction on use of property.

6.1.3 Hazardous Substance Release

"Hazardous Substance Release" shall be interpreted in the broadest sense to include the spilling, discharge, deposit, injection, dumping, emitting, releasing, leaking or placing of any Hazardous Substance into the air or into or on any land or waters, except as authorized by a then-current and valid permit issued under applicable laws and regulations.

6.2 General Environmental Obligations of Lessee

Lessee shall manage and conduct all of its activities on or relating to the Premises: (i) in compliance with applicable laws and regulations and the environmental provisions of this Lease; (ii) in cooperation with the Port in the Port's efforts to comply with applicable laws and regulations; and (iii) in adherence with best management practices applicable to Lessee's use of the Premises. Lessee shall manage the Premises and its occupation or use of the Premises so as to prevent any violation of law or regulations by any party on or relating to the Premises.

6.3 Use of Hazardous Substances

Lessee's use, handling or storage of hazardous substances shall be limited to petroleum or petroleum-derived products fully contained within motor vehicles.

6.4 Environmental Inspection

The Port reserves the right, at any time and from time to time, after notice to Lessee, to inspect the Premises, Lessee's operations on and use of the Premises, and Lessee's environmental records.

6.5 Lessee's Liability

6.5.1 Hazardous Substance Releases

Except as provided in Section 6.5.3, Lessee shall be responsible for any Hazardous Substance Release on the Premises and/or on T-1 North, on other properties, in the air or in adjacent or nearby waterways (including groundwater) which results from or occurs in connection with Lessee's occupancy or use of the Premises occurring during the Lease Term or occurring or continuing after the Lease Term.

6.5.2 Lessee's Liability for Environmental Cost

Except as provided in Section 6.5.3, Lessee shall be responsible for all Environmental Cost arising under this Lease.

6.5.3 Limitation of Lessee's Liability

Notwithstanding anything to the contrary provided in this Lease, Lessee shall have no responsibility for Hazardous Substances or Hazardous Substance Releases, or Environmental Cost arising therefrom, that: (i) existed on the Premises prior to the Effective Date of this Lease (except if caused by Lessee or Lessee's agents, employees or contractors); (ii) are caused by the Port or the agents, employees or contractors of the Port; or (iii) come onto or under the Premises from adjacent properties through no fault of Lessee.

6.6 Environmental Remediation

6.6.1 Immediate Response

In the event of a violation of applicable laws and regulations, a violation of an environmental provision of this Lease, a Hazardous Substance Release, or the threat of or reasonable suspicion of the same for which Lessee is responsible under this Lease, Lessee shall immediately undertake and diligently pursue all acts necessary or appropriate to correct the violation and investigate, contain, and stop the Hazardous Substance Release and remove the Hazardous Substance.

6.6.2 Remediation

Lessee shall promptly undertake all actions necessary or appropriate to ensure that any Hazardous Substance Release is remediated and that any violation of any applicable laws and regulations or environmental provision of this Lease is corrected. Lessee shall remediate, at Lessee's sole expense, all Hazardous Substances for which Lessee is responsible under this Lease or under any applicable laws and regulations, and shall restore the Premises or other affected property or water to its pre-contamination condition.

6.6.3 Report to the Port

Within thirty (30) days following completion of any investigatory, containment, remediation and/or removal action required by this Lease, Lessee shall provide the Port with a written report outlining, in detail, what has been done and the results thereof.

6.7 Notice

Lessee shall promptly notify the Port upon becoming aware of: (i) a violation or alleged violation of any applicable laws and regulations related to the Premises, T-1 North or to Lessee's occupation or use of the Premises or any environmental provision of this Lease; and (ii) any Hazardous Substance Release on, under or adjacent to the Premises and/or T-1 North or threat of or reasonable suspicion of any of the same. If notice must be given on the weekend or after 5:00 p.m. on any business day, Lessee shall notify the Port by calling the Port's emergency telephone number. That number is (503) 335-1111.

6.8 Port's Right to Perform on Behalf of Lessee

Except in the event of an emergency or an agency order requiring immediate action, the Port shall have the right, upon giving Lessee seven (7) days' written notice, to perform

obligations arising under this Lease and charge Lessee the resulting Environmental Cost. The Port may not commence performance on behalf of Lessee under this Section 6.8 if, within the seven (7)-day notice period, Lessee promptly begins and diligently pursues to completion the performance of the obligations set forth in the Port's notice.

7. INDEMNITY, INSURANCE

7.1 Lessee's General Indemnity; Reimbursement of Damages

Lessee agrees to defend (using legal counsel acceptable to the Port), indemnify, and hold harmless the Port from and against and reimburse the Port for any and all actual or alleged claims, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, Environmental Costs and/or penalties (collectively "Costs") which may be imposed upon, claimed against or incurred or suffered by the Port and which, in whole or in part, directly or indirectly, arise from, or are in any way connected with any of the following, unless exclusively resulting from the Port's negligence or willful misconduct: (i) any act, omission or negligence of Lessee; (ii) any use, occupation, management or control of the Premises by Lessee; (iii) any condition created in or about the Premises by Lessee, including any accident, injury or damage resulting therefrom and (iv) any breach, violation or nonperformance of any of Lessee's obligations under this Lease. For purposes of this Section 7.1 (i) through (iv), "Lessee" shall be deemed to include Lessee and Lessee's employees, agents, invitees and contractors. This indemnification shall require Lessee to reimburse the Port for any diminution in value of the Premises, or other adjacent or nearby Port property, caused by Hazardous Substances, including damages for loss of, or restriction on use of, rentable or usable property or of any amenity of the Premises or any other Port property, including damages arising from any adverse impact on the leasing of property in or near the Premises, including other Port property.

7.2 Insurance Requirements

Insurance requirements set forth below do not in any way limit the amount or scope of liability of Lessee under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage the Port is willing to accept to help insure full performance of all terms and conditions of this Lease. All insurance required by Lessee under this Lease shall meet the following minimum requirements:

7.2.1 Certificates; Notice of Cancellation

On or before the Effective Date and thereafter during the Lease Term, Lessee shall provide the Port with current certificates of insurance evidencing the existence of all insurance policies required under this Section. The Port shall receive at least thirty- (30) days' written notice prior to cancellation, non-renewal, or material change in any policy. Insurance must be maintained without any lapse in coverage during the Lease Term. The Port shall also be given certified copies of Lessee's policies of insurance, upon request. Failure of the Port to demand such certificates or other evidence of full compliance with these insurance requirements or failure of the Port to identify any deficiency or noncompliance with coverage requirements, shall not be construed as a waiver of Lessee's obligation to maintain the insurance required by this Lease.

7.2.2 Additional Insured; Separation of Insureds

The Port shall be named as an additional insured in each general liability policy. Such insurance shall provide cross-liability coverage equivalent to a standard Separation of Insureds clause published by the Insurance Services Offices ("ISO") or a successor organization.

7.2.3 Primary Coverage

The required policies shall provide that the coverage is primary, and will not seek any contribution from any insurance or self-insurance carried by the Port.

7.2.4 Company Ratings

All policies of insurance must be written by companies having an A.M. Best rating of "A-" or better, or equivalent. The Port may, upon thirty- (30) days' written notice to Lessee, require Lessee to change any carrier whose rating drops below an "A-" rating.

7.3 Required Insurance

At all times during this Lease, Lessee shall provide and maintain the following types of coverage:

7.3.1 General Liability Insurance

Lessee shall maintain an occurrence form commercial general liability policy or policies covering liability for bodily injury, death, and damage to property, including the loss of use thereof, arising from premises, operations, independent contractors, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract) occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee. Such coverage shall be written in an amount of not less than FIVE MILLION DOLLARS (\$5,000,000.00) per occurrence.

7.3.2 Automobile Liability Insurance

Lessee shall maintain an automobile liability policy or policies insuring against liability for bodily injury, death, and damage to property, including loss of use thereof, and occurring in any way related to the use, loading or unloading of any of Lessee's automobiles and trailers (including owned, hired and non-owned vehicles) on and around the Premises. Coverage shall be in an amount of not less than FIVE MILLION DOLLARS (\$5,000,000.00) each accident. If Lessee's owned, hired, and non-owned trailers are covered under the motorized vehicle's insurance while hooked up to it, the above coverage with respect to the trailers can be limited to all other times. If independent contractors haul Lessee's or other trailers on or from the Premises, Lessee shall require them to carry the same coverage on their tractors and trailers.

7.3.3 Workers' Compensation Insurance

Lessee shall maintain workers compensation and employers liability insurance for all of Lessee's employees subject to Oregon's Workers' Compensation law and any applicable jurisdiction. The amount of employer's liability coverage shall be not less than \$500,000.00 per accident and \$500,000.00 per employee for disease. In lieu of such insurance, Lessee may maintain a self-insurance program meeting the requirements of the State of Oregon (and /or any other applicable jurisdiction) and a policy of excess workers compensation and employers liability insurance.

7.3.4 Lessee's Risks

Lessee shall be responsible for obtaining any insurance it deems necessary to cover its own risks, including, without limitation: (i) business interruption, such as business income, extra expense, or similar coverage, (ii) property and/or cargo insurance, and/or (iii) automobile physical damage and/or theft. In no event shall the Port be liable for any (a) business interruption or other consequential loss sustained by Lessee, (b) damage to or loss of property or cargo, or (c) damage to or loss of any automobile, trailer, or other equipment, whether or not such loss is insured. The Port is not responsible for securing the Premises nor protecting Lessee's property.

7.4 Waiver of Subrogation

Lessee waives any right of action that it and/or its insurance carrier(s) might have against the Port (including the Port's employees, officers, commissioners, or agents) for any loss, cost, damage, or expense (collectively "Loss") that is covered by any property, cargo, or automobile physical damage insurance policy or policies maintained by Lessee. If any of Lessee's policies do not allow the insured to waive the insurer's rights of recovery prior to a Loss, Lessee shall cause it to be endorsed to allow the waivers of subrogation required by this Section 7.4.

7.5 Survival of Indemnities

The indemnity agreements set forth in this Section 7 shall survive the expiration or earlier termination of the Lease and be fully enforceable thereafter.

8. DAMAGE OR DESTRUCTION

In the event the Premises are partially or completely destroyed, the Port shall be under no obligation to repair and reconstruct the Premises. If the Port does not repair or reconstruct the damaged or destroyed Premises, Lessee may terminate this Lease. If the Premises are completely destroyed or partially destroyed and, in the Port's opinion, are no longer safe for Lessee's continued use, the Port may terminate this Lease without advance notice and without liability to Lessee. There shall be no rent abatement for any period of time the Port undertakes repair or reconstruction unless Lessee's use or occupancy of the Premises is impaired, and then only in proportion to the amount of the Premises so impaired.

9. TERMINATION

9.1 Duties on Termination

Upon termination of the Lease, Lessee shall surrender the Premises in good and clean condition, ordinary wear and tear excepted. Ordinary wear and tear shall not include deterioration that could have been prevented by Lessee performing Lessee's obligations under this Lease.

9.2 Lessee's Personal Property

Lessee's personal property shall remain the property of Lessee if placed on the Premises by Lessee, at Lessee's expense. At or before the termination of this Lease, Lessee, at Lessee's expense, shall remove from the Premises any and all of Lessee's personal property and shall repair any damage to the Premises resulting from the removal of such personal property. Title to any items of Lessee's personal property, which remain on the Premises after the termination of

this Lease may, at the option of the Port, be transferred to the Port. The Port shall give an accounting thereof to Lessee and fifteen (15) days' notice to remove, or said property shall be removed and disposed of by the Port, and, in which case, the Port shall be entitled to recover its costs thereof, plus interest from the date of expenditure, at the Delinquency Rate, from Lessee upon demand.

9.3 Holding Over

If Lessee holds over after the termination of this Lease, and the Port and Lessee have not otherwise agreed in writing upon the terms and provisions of such holding over, Lessee shall be deemed by the Port to be a tenant at sufferance and Lessee shall remain bound by all terms, covenants, and agreements hereof. Rent shall adjust as of the date of such termination or expiration of the Lease to one hundred fifty percent (150%) of the Basic Rent set forth in Section 3.1, and the Port may take immediate action to evict Lessee without notice and may otherwise exercise any other rights and remedies available to it at law or in equity for breach of this Lease.

10. DEFAULT

10.1 Event of Default

The occurrence of any of the following shall constitute an "Event of Default" (also referred to as a "Default").

10.1.1 Default in Rent

An Event of Default shall occur if Lessee fails to pay any Rent within ten (10) days of the date such payment is due. No notice by the Port that Rent is past due shall be required.

10.1.2 Default in Other Covenants

An Event of Default shall occur if Lessee violates any term, covenant or condition of this Lease (other than the payment of Rent) and such violation is not cured within twenty (20) days after written notice by the Port describing the nature of the violation. If a Default occurs because Lessee is discovered to be performing vehicle maintenance or storing Hazardous Substances on the Premises, the Port may terminate this Lease immediately, and there shall be no opportunity to cure.

10.2 Remedies on Default

Immediately upon the occurrence of an Event of Default, the Port may, at its option, terminate this Lease and Lessee's right to possession of the Premises, and at any time may exercise any or all of the following remedies, in addition to any other rights and remedies provided in this Lease or at law or equity. Any notice to terminate may be given before or within the applicable cure period and may be included in a notice of failure of compliance.

10.2.1 Re-Entry

The Port may re-enter the Premises, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefore, and may repossess the Premises and remove any person or property therefrom, to the end that the Port may have, hold and enjoy the Premises.

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10.2.2 Recovery of Damages

Nothing in this Lease will be deemed to require the Port to await the date on which the Lease Term expires to bring or maintain any suit or action respecting this Lease. The Port may also seek damages for destruction or damage Lessee has caused to the Premises or other Port property.

10.3 Lease Continuation

Even though an Event of Default has occurred, this Lease shall continue for so long as the Port does not terminate Lessee's right to possession, and the Port may enforce all of its rights and remedies under this Lease, including the right to recover the Rents as they become due under this Lease. Acts of maintenance, preservation, or efforts to relet the Premises, or the appointment of a receiver upon initiative of the Port to protect the Port's interest under this Lease, shall not constitute a termination of Lessee's rights to possession unless written notice of termination is given by the Port to Lessee.

10.4 Remedies Cumulative and Nonexclusive

Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by the Port of any such rights or remedies will not preclude the simultaneous or later exercise by the Port of any other such rights or remedies. All such rights and remedies are nonexclusive.

10.5 Curing Lessee's Default

If Lessee fails to perform any of Lessee's obligations under this Lease, the Port, without waiving such failure, may, but shall not be obligated to, perform the same for the account of and at the expense of Lessee, without notice in a case of emergency, and in any other case, only if such failure continues after the expiration of thirty (30) days from the date the Port gives Lessee notice of the failure. The Port shall not be liable to Lessee for any claim for damages resulting from such action by the Port. Lessee agrees to reimburse the Port, upon demand, any amounts the Port may spend in complying with the terms of this Lease on behalf of Lessee. The Port shall have the same rights and remedies in the event of the nonpayment of sums due to be reimbursed under this Section as in the case of Default by Lessee in the payment of any other Rent. Any sums to be so reimbursed shall bear interest at the Delinquency Rate.

10.6 Month-to-Month Tenancy

Nothing in this Section 10 shall alter the status of the month-to-month tenancy under this Lease or restrict the Port's ability to terminate this Lease on thirty (30) days' notice, whether or not a default has occurred.

11. ASSIGNMENTS AND SUBLEASES

This Lease is personal to Lessee. No part of the Premises nor any interest in this Lease may be sold, assigned, pledged, transferred, mortgaged, or subleased by Lessee, nor may a right of use of any portion of the Premises be conveyed or conferred on any third party by Lessee by any other means.

12. GENERAL PROVISIONS

12.1 Lease Subject to Matters of Record and Applicable Laws

This Lease is subject and subordinate to the effect of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, and any other matters of record now or hereafter imposed upon the Premises, and to any applicable land use or zoning laws or regulations. Lessee shall, upon request of the Port, execute and deliver agreements of subordination in the form requested by the Port.

12.2 Governing Law

This Lease shall be governed and construed according to the laws of the State of Oregon. Venue for any legal proceedings shall be in Multnomah County, Oregon.

12.3 No Benefit to Third Parties

The Port and Lessee are the only parties to this Lease and, as such, are the only parties entitled to enforce its terms.

12.4 Port Consent or Action

In the event this Lease is silent as to the standard for any consent, approval, determination, or similar discretionary action, the standard shall be the sole and unfettered discretion of the Port, rather than any standard of good faith, fairness or reasonableness. Wherever this Lease requires the Port's consent or approval, or permits the Port to act, such consent, approval or action may be given or performed by the Port's Commission, the Executive Director of the Port, or the Executive Director's designee. If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable. In the event the Port has expressly agreed, in writing, not to act unreasonably in withholding its consent, or may not unreasonably withhold its consent as a matter of law, and the Port has, in fact, acted unreasonably in either of those instances, Lessee's sole remedy shall be an action for specific performance or injunction.

12.5 No Implied Warranty

In no event shall any consent, approval, acquiescence, or authorization by the Port be deemed a warranty, representation, or covenant by the Port that the matter approved, consented to, acquiesced in, or authorized, is appropriate, suitable, practical, safe or in compliance with any applicable law or this Lease. Lessee shall be solely responsible for such matters and the Port shall have no liability therefor.

12.6 Notices

All notices required under this Permit shall be deemed properly served if hand delivered (including by reputable overnight courier) or sent by certified mail, return receipt requested, to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the parties at the addresses set forth below:

If by mail to Permittee:

United States Postal Service

2401 NW 22nd Ave.
Portland, OR 97210
Attn: Edward Holmes

If by mail to the Port:

The Port of Portland
Property & Development Services
P.O. Box 3529
Portland OR 97208
Attn: Contracts Administrator

If by hand delivery to Permittee:

2401 NW 22nd Ave.
Portland, OR 97210
Attn: Edward Holmes

If by hand delivery to the Port:

The Port of Portland
Property & Development Services
121 NW Everett
Portland, OR 97209
Attn: Contracts Administrator

If mailed, the notice shall be deemed received five (5) days after the date such notice is deposited in a post office of the United States Postal Service, postage prepaid, return receipt requested, certified mail. If delivered by hand, the notice shall be deemed received as of the date of delivery or refusal of delivery.

12.7 Time of the Essence

Time is of the essence in the performance of, and adherence to, each and every covenant and condition of this Lease.

12.8 Nonwaiver

Waiver by the Port of strict performance of any provision of this Lease shall not be deemed a waiver of or prejudice the Port's right to require strict performance of the same provision in the future, or of any other provision of this Lease.

12.9 Survival

Any covenant or condition, including, but not limited to, indemnification provisions, set forth in this Lease, the full performance of which is not specifically required prior to the termination of this Lease, and any covenant or condition which by its terms is to survive the termination of this Lease shall survive the termination of this Lease and shall remain fully enforceable thereafter.

12.10 Partial Invalidity

If any provision of this Lease is held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

12.11 No Light or Air Easement

The reduction or elimination of Lessee's light, air, or view will not affect Lessee's obligations under this Lease, nor will it create any liability of the Port to Lessee.

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12.12 Limitation on Port Liability

The Port shall have no liability to Lessee for loss, damage or injury suffered by Lessee on account of theft or any act or omission of any third party, including other tenants. The Port shall only be liable for its own willful misconduct or gross negligence and then only to the extent of actual and not consequential damages. Although this Lease gives the Port certain rights of inspection, such rights shall impose no obligation on the Port to make any inspections nor impose liability on the Port if the Port fails to make such inspections.

12.13 Calculation of Time

Unless referred to as Business Days, all periods of time referred to in this Lease shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or Legal Holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday or Legal Holiday. "Legal Holiday" shall mean any holiday observed by the Federal Government. "Business Days" shall mean Monday through Friday and shall exclude Saturday, Sunday, and Legal Holidays.

12.14 Headings and Table of Contents

The article and section headings and table of contents contained in this Lease are for convenience in reference and are not intended to define or limit the scope of any provision of this Lease.

12.15 Exhibits Incorporated by Reference

All Exhibits attached to this Lease are incorporated by reference in this Lease for all purposes.

12.16 Modification

This Lease may not be modified except by a writing signed by the Port and Lessee.

12.17 Brokers

Lessee and the Port each represent to one another that they have not dealt with any leasing agent or broker in connection with this Lease and each (for purposes of this Section 12.17 only, the "Indemnitor") agrees to indemnify and hold harmless the other from and against all damages, costs, and expenses, including attorney, accountant and paralegal fees, arising in connection with any claim of an agent or broker alleging to have been retained by the Indemnitor in connection with this Lease.

12.18 Attorney Fees

If a suit, action, or other proceeding of any nature whatsoever, including any administrative proceeding and any proceeding under the U.S. Bankruptcy Code, is instituted in connection with any controversy arising out of this Lease or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, incurred at trial, on appeal or on any petition for review, in addition to all other amounts provided by law. If the Port is required to seek legal assistance to enforce any term of this Lease, such fees shall include all of the above fees, whether or not a proceeding is initiated. Whenever this Lease requires Lessee to defend the Port, it is agreed that such defense shall be by legal counsel acceptable to the Port.

17 – Lease of Yard Area

12.19 Entire Agreement

This Lease represents the entire agreement between the Port and Lessee relating to Lessee's leasing of the Premises and shall supersede all previous communications, representations, or agreements, whether verbal or written, between the parties hereto with respect to such leasing. It is understood and agreed by Lessee that neither the Port nor the Port's agents or employees have made any representations or promises with respect to this Lease or the making or entry into this Lease, except as in this Lease expressly set forth, and that no claim or liability or cause for termination shall be asserted by Lessee against the Port for, and the Port shall not be liable by reason of, the claimed breach of any representations or promises not expressly stated in this Lease, any other oral agreement with the Port being expressly waived by Lessee.

12.20 Provisions Applicable to Others

All provisions of this Lease governing Lessee's use of the Premises and Lessee's activities and conduct on, about, or from the Premises shall apply to Lessee's officers, agents, employees, invitees, and contractors.

12.21 Successors; the Parties

The rights, liabilities and remedies provided for in this Lease shall extend to the heirs, legal representatives, and, so far as the terms of this Lease permit successors and assigns of the parties hereto. The words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become such parties hereto.

12.22 Joint and Several Obligations

If Lessee consists of more than one individual or entity, the obligations of all such individuals and entities shall be joint and several.

12.23 Interpretation of Lease; Status of Parties

This Lease is the result of arms length negotiations between the Port and Lessee and shall not be construed against the Port by reason of its preparation of this Lease. Nothing contained in this Lease, including the method of computation of rentals or construction of Improvements on the Premises, shall be deemed or construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto.

12.24 Defined Terms

Capitalized terms shall have the meanings given them in the text of this Lease.

12.25 No Limit on Port's Powers

Nothing in this Lease shall limit, in any way, the power and right of the Port to exercise its governmental rights and powers, including its powers of eminent domain.

12.26 Capacity to Execute

The Port and Lessee each warrant and represent to one another that this Lease constitutes a legal, valid and binding obligation of that party. The individuals executing this Lease personally warrant that they have full authority to execute this Lease on behalf of the entity for whom they purport to be acting.

18 – Lease of Yard Area

IN WITNESS HEREOF, the parties have subscribed their names hereto effective
as of the year and date first written above.

LESSEE

LESSOR

EBONY IRON WORKS

THE PORT OF PORTLAND

By: Edward Holmes
Edward Holmes, President

By: Mike Thorne
Mike Thorne, Executive Director

APPROVED AS TO LEGAL SUFFICIENCY
FOR THE PORT OF PORTLAND

By: Raymond
Counsel for Port of Portland



PORT OF PORTLAND

May 7, 2001

Edward Holmes
Ebony Iron Works, Inc.
2401 NW 22nd Avenue
Portland OR 97210

Re: Port Agreement No. 2000-154
Lease at Terminal One

Dear Mr. Holmes:

Today I walked through the yard space leased under your Lease Agreement with the Port of Portland, Agreement No. 2000-154. I'm sorry that you were unable to attend. I did find the site completely vacated and clean, virtually as you found the site upon move-in. You were a terrific tenant, and we thank you for the limited time you did operate from this site. We also appreciate your interest in possible future use of Terminal One and would be delighted to work with you again when you have further needs for space.

Your \$2,400.00 security deposit will be returned shortly. The paperwork has been started today and will take approximately two weeks to complete.

Please call me at 503-944-7538 if you have any questions or concerns. Thank you.

Sincerely,

Lorali Sinnen
Contract Administrator
Property & Development Services

cc: Rebecca Sonniksen
Suzanne Brooks

*cc: Legal Nancy Murray
Risk (Mac + Sonniksen)*



PORT OF PORTLAND

April 24, 2001

Edward Holmes
Ebony Iron Works, Inc.
2401 NW 22nd Avenue
Portland OR 97210

Re: Port Agreement No. 2000-154
Lease at Terminal One

Dear Mr. Holmes:

Friday, April 20th, we received your 30 days notification of lease termination letter dated April 18, 2001. We are sorry to hear that you will be leaving Terminal One, but understand your desire to terminate the lease. We will send you a May invoice for 20 days rent, and consider it your final rent payment. Please call me when you have completely vacated the property and we can schedule a time for the inspection. Upon receipt of the rent check and a personal inspection of your rented yard space, we will close out the file and process a refund of your security deposit.

Please call me at 503-944-7538 if you have any questions or concerns. Thank you.

Sincerely,

Lorali Sinnen
Contract Administrator
Property & Development Services

cc: Rebecca Sonniksen
Suzanne Brooks

EBONY IRON WORKS, INC.

Steel Fabricators for the Pacific Northwest

2401 NW 22nd Ave

Portland, OR 97210

Phone (503) 224-3038

Fax (503) 224-3062

Received 4/20/01

April 18, 2001

Rebecca Sonniksen
Port of Portland
121 NE Everett
Portland, OR 97209

**Re: Lease Agreement 2000-154
Terminal One North**

Dear Rebecca,

This is to notify you that Ebony wishes to terminate the lease with the Port. This in reference to the property originally leased from month to month at Terminal One North.

This is the formal 30 day notification as stated in the agreement.

If this property is available in the future, we hope that you would consider Ebony Iron Works again for such an agreement. We thank you for your cooperation in establishing this agreement as it was not your usual request. We were pleased with the Port's help and assistance with our request and the use of this property.

Please call me if you have questions.

Sincerely,

Edward Holmes

Edward Holmes
President/CEO

POPT1N100372

